

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-02 EPG-02 AID-05
SS-15 STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02
FEAE-00 OMB-01 XMB-04 OPIC-06 /129 W
-----191910Z 089949 /43

P 191505Z MAY 77
FM AMEMBASSY BRASILIA
TO USDEL MTN GENEVA PRIORITY
INFO SECSTATE WASHDC 1702
USMISSION EC BRUSSELS
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

UNCLAS SECTION 1 OF 2 BRASILIA 4026

E.O. 11652: N/A
TAGS: ETRD, MTN, BR
SUBJECT: "O ESTADO" ARTICLE ON BRAZILIAN ABSTENTION FROM TARIFF
NEGOTIATIONS

REF: A. MTN GENEVA 3619 B. BRASILIA 3663

1. PER PARA 6 REF A REQUEST, FOLLOWING IS EMBASSY
TRANSLATION OF ARTICLE ENTITLED, "BRAZIL WILL NOT
PARTICIPATE IN THE DISCUSSIONS ON TARIFFS", PUBLISHED IN
MAY 1 EDITION OF "O ESTADO DE SAO PAULO". (EMBASSY NOTED
NO SIMILAR ARTICLE IN ANY OTTHER NEWSPAPER.)

2. BEGIN TEXT: BRAZIL WILL NOT PARTICIPATE DIRECTLY IN
THE TARIFF NEGOTIATIONS WITHIN THE GATT WHEN THE MULTILATERAL
MEETINGS RESUME IN THE NEXT MONTHS IN ORDER NOT TO COMMIT
ITSELF TO ANY CONCESSIONS, IN TERMS OF SECTORS AS WELL
AS OF PRODUCTS. THE DECISION HAS ALREADY BEEN TAKEN BY
THE PRESIDENT OF THE REPUBLIC BASED ON INFORMATION
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PROVIDED BY THE FOREIGN MINISTRY AND THE MINISTRY
OF FINANCE, AND RECOMMENDS THAT THE BRAZILIAN
DELEGATION PARTICIPATE (ONLY) IN THE NORMATIVE
DISCUSSIONS, MAINLY IN THE GENERAL NORMATIVE
MATTERS SUCH AS GATT REFORM, SUBSIDIES, COUNTER-
VAILING DUTIES, SEFEGUARDS AND GOVERNMENT PROCURE-
MENT.

3. ACCORDING TO THE GUIDANCE APPROVED BY GEISEL, IF THE EVOLUTION ON THE NEGOTIATIONS IN THE GENERAL NORMATIVE AREA INDICATES AT A FUTURE DATE THE DESIRABILITY OF DIRECT PARTICIPATION IN THE TARIFF NEGOTIATIONS IN DEFENSE OF BRAZILIAN INTERESTS, THE POSITION OF ABSTENTION WOULD BE REEXAMINED ACCEPTING THE ENTRY OF BRAZIL IN THE ABOVE MENTIONED NEGOTIATIONS, ONLY IF STRICTLY NECESSARY TO JUSTIFY OUR PRESENCE AND, ABOVE ALL, IN ACCORDANCE WITH CONCRETE INTERESTS, PREVIOUSLY IDENTIFIED AND RIGOROUSLY EVALUATED IN LIGHT OF ADVANTAGES AND COMMITMENTS."

4. THUS, AN EVENTUAL PARTICIPATION BY BRAZIL IN THE GATT TARIFF NEGOTIATIONS, GIVEN THE PRIOR COMMITMENT THAT IT WOULD REPRESENT AND THE POSSIBLE SCOPE OF ITS REPERCUSSIONS, MUST BE DECIDED EXCLUSIVELY WITHIN THE PURVIEW OF THE ECONOMIC DEVELOPMENT COUNCIL (GVKWHICH IS) BEYOND THE COMPETENCY OF ANY ONE MINISTRY.

5. THE POSITION OF THE FOREIGN MINISTRY, SUPPORTED BY THE MINISTRY OF FINANCE, IS THAT BRAZILIAN PARTICIPATION IN THE MTN MUST BE ORIENTED TOWARD INSISTENCE ON APPLICATION IN SPECIFIC SITUATIONS OF THE PRINCIPLES OF THE TOKYO DECLARATION REFERRING TO RELATIVE RECIPROCITY AND DIFFERENTIAL TREATMENT IN FAVOR OF THE DEVELOPING COUNTRIES;

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6. INSISTENCY IN THE GATT REFORM GROUP ON NEW RULES FAVORABLE TO THE THIRD WORLD COUNTRIES AND ADOPTION OF DECISIONS CONCERNING COMMITMENTS ONLY AT THE END OF THE NEGOTIATING PROCESS, "AFTER THE EVALUATION OF THE GENERAL RESULTS FROM THE POINT OF VIEW OF OUR INTERESTS AND AFTER THE ATTAINMENT OF ADDITIONAL BENEFITS IS PROVED."

7. BRAZIL'S REFUSAL TO PARTICIPATE DIRECTLY IN THE TARIFF NEGOTIATIONS IN ORDER TO AVOID NEW CONCESSIONS IS JUSTIFIED BY THE ARGUMENT THAT IN THE NEXT "ROUND" THERE ARE CERTAIN ITEMS CONSIDERED INCOMPATIBLE WITH CURRENT BRAZILIAN COMMERCIAL INTERESTS.

8. CONCERNING INDUSTRIAL PRODUCTS, IT IS EMPHASIZED THAT, IN GENERAL TERMS, THE AVERAGE TARIFFS USED BY THE DEVELOPED COUNTRIES ARE ALREADY REDUCED AND, TO A LARGE EXTENT, ELIMINATED BY THE GSP.

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9. ANOTHER OBSTACLE IS THAT THE GENERAL CHARACTER
OF TARIFF DISTORTIONS ASSUMES AN EQUALITY OF
CONDITIONS BETWEEN THE DEVELOPED AND DEVELOPING
COUNTRIES IN THE ADVANTAGE OF TARIFF REDUCTIONS.
SO, THERE ARE NO ADDITIONAL ADVANTAGES FOR THE
DEVELOPING COUNTRIES WHOSE EXPORTS ARE GOING TO
DEPEND ON INTERNAL STIMULI, "AN EFFORT THAT CAN
BE VOIDED BY THE REGULATIONS UNDER DISCUSSION."

10. THERE IS ALSO THE LOSS OF THE RELATIVE
ADVANTAGE EARNED IN THE PREFERENTIAL SYSTEMS WITH THE
GENERALIZATIONS OF THE (TARIFF) LIBERATION. THAT
IS WHY GOVERNMENT COSIDERS "INCONVENIENT AND
EVEN INADMISSIBLE IN TERMS OF CUSTOMS POLICY THAT
BRAZIL REDUCE THE CUSTOMS PROTECTION OR COMPROMISE
THE LIBERTY OF MANIPULATING THE TARIFF MECHANISM."

11. ITAMARAY'S OPINION IS EVEN MORE DISCOURAGING
WHEN IT STATES THAT "THERE IS NO CLEAR PICTURE OF
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BRAZILIAN INTERESTS IN SPECIFIC TERMS FOR EVENTUAL
NEGOTIATIONS ON TARIFF AND NON-TARIFF BARRIERS
AS WELL AS A DEFINITION OF OUR EVENTUAL INTEREST
IN SECTORS AND AGRICULTURAL NEGOTIATIONS."

12. IN THE TARIFF FIELD, THE AREA OF NEGOTIATIONS
INCLUDES TROPICAL PRODUCE, INDUSTRIAL PRODUCTS
(REDUCTION OF CUSTOMS DUTIES IN GENERAL OR BY
SECTORS); QUANTITATIVE RESTRICTIONS AND
AGRICULTURAL POLICY. IN THE NORMATIVE TECHNICAL AREA,
TECHNICAL STANDARDS AND CUSTOMS MATTERS WILL BE
INCLUDED IN THE AGENDA.

13. SINCE THE OBSTACLES THAT FACE BRAZILIAN EXPORTS
RESIDE BASICALLY IN NON-TARIFF MEASURES APPLIED
BY DEVELOPED COUNTRIES, THE GUIDANCE TRANSMITTED TO
THE BRAZILIAN DELEGATION STATES THAT "IT IS OF
GREAT INTEREST TO OBTAIN FROM ANY OF THE GROUPS
IN WHICH THEY ARE STUDIED RULES OR FORMAL COMMIT-
MENTS THAT CAN ELIMINATE THEM (NTM) AND, IN THE CASE
OF MEASURES APPLIED IN CONFORMITY WITH THE GATT
SAFEGUARD CLAUSES, RULES AND FORMAL COMMITMENTS
THAT CAN ELIMINATE OR LESSEN THEM (NTM) IN FAVOR
OF THE DEVELOPING COUNTRIES."

14. IT IS EMPHASIZED, HOWEVER, THAT THIS
POSITION IS PRELIMINARY, ALTHOUGH IT DOES CORRES-
POND TO THE ORIENTATION ALREADY DEFINED WHICH
WILL BE FOLLOWED BY THE BRAZILIAN NEGOTIATORS.
IN ANY CASE, THE BRAZILIAN DELEGATION WILL ACCOMPANY
THE TARIFF NEGOTIATIONS WITHOUT BECOMING DIRECTLY
INVOLVED, BECAUSE ITAMARATY BELIEVES THAT WE
SHOULD PARTICIPATE IN THE MTN, "WHICH INVOLVE
TOPICS OF MAJOR IMPORTANCE TO OUR COMMERCIAL RELA-
TIONS WITH OTHER COUNTRIES, AND PARTICULARLY
FOR OUR EXPORTS". END TEXT.
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Disposition Approved on Date:
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